

**RESOLUTION NO. 5
SERIES 2010**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, AUTHORIZING AN INTER-FUND LOAN FROM THE CITY OF GUNNISON GENERAL FUND TO THE CITY OF GUNNISON PARKS AND RECREATION FUND, RESERVE ACCOUNT; AND THE EXECUTION OF A PROMISSORY NOTE THEREFOR.

WHEREAS, the City of Gunnison is a home rule municipality and political subdivision of the State of Colorado; and

WHEREAS, the City of Gunnison has previously issued the City's Sales and Use Tax Bonds, Series 2007, pursuant to Ordinance No. 9, Series 2007; and

WHEREAS, the Reserve Account required by Ordinance No. 9, Series 2007, was initially funded by the Surety Policy issued by XL Capital Assurance, Inc.; and

WHEREAS, the revised rating of XL Capital Assurance, Inc. no longer meets the requirements of Section 13, Reserve Account, of Ordinance No. 9, Series 2007, to fund the Reserve Account; and

WHEREAS, the City Council of the City of Gunnison wishes to make a loan from the City's General Fund to the City's Parks and Recreation Fund, Reserve Account, in the amount necessary to fully fund the Reserve Account with cash to comply with the requirements of Ordinance No. 9, Series 2007;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, THAT:

Section 1. The City Council of the City of Gunnison hereby approves a loan of Three Hundred Forty Four Thousand Eighty Two Dollars (\$344,082.00) from the City of Gunnison General Fund to the City of Gunnison Parks and Recreation Fund, Reserve Account. The proceeds of such loan shall be held solely in the Parks and Recreation Fund, Reserve Account, which account shall be an interest-bearing account, and the interest earned upon the proceeds of this loan held in such account shall be credited to the General Fund.

Section 2. Said loan shall be repaid to the General Fund from lawfully-available funds of the City of Gunnison Parks and Recreation Fund on or before December 31, 2012, without interest, except for the interest referenced in Section 1 hereof.

Section 3. Such loan shall be in accordance with the terms of the Promissory Note attached hereto as Exhibit A and made a part hereof by reference.

Section 4. The obligation for payment of the Promissory Note from the Parks and Recreation Fund to the General Fund is subject to annual appropriation of funds for such payment by the City Council of the City of Gunnison, Colorado.

Section 5. The Mayor and City Clerk are authorized to execute the Promissory Note on behalf of the City of Gunnison Parks and Recreation Fund.

INTRODUCED, READ, PASSED, AND ADOPTED at a regular meeting of the City Council of the City of Gunnison, Colorado, held this 13th day of July, 2010.

Mayor

(SEAL)
ATTEST:

City Clerk

EXHIBIT A

CITY OF GUNNISON PARKS AND RECREATION
FUND PROMISSORY NOTE

\$344,082.00 U.S.

July ____, 2010

1. FOR VALUE RECEIVED, the undersigned (Borrower) promises to pay to the CITY OF GUNNISON, GENERAL FUND, the principal sum of Three Hundred Forty Four Thousand Eighty Two and no/100 Dollars (\$344,082.00), such sum to be held in an interest-bearing account established as "City of Gunnison Parks and Recreation Fund, Reserve Account", together with all interest earned upon such sum while held in said interest-bearing account. Such sum shall be paid on or before December 31, 2012.

2. Borrower may prepay the principal amount outstanding under this note, in whole or in part, at any time without penalty. Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent payment.

3. Borrower hereby waives presentment, notice of dishonor and protest, and hereby agrees to any extensions of time of payment and partial payments before, at, or after maturity.

4. All payments of the principal amount of this promissory note shall be paid from revenues received by the City of Gunnison Parks and Recreation Fund and lawfully available for such repayment.

5. The obligations for payment under this note shall be subject to annual appropriation of funds for such payment by the City Council of the City of Gunnison.

CITY OF GUNNISON PARKS AND
RECREATION FUND

By _____
Stu Ferguson, Mayor

ATTEST:

Gail Davidson, City Clerk